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China's Floods Highlight Domestic Troubles

Beijing is blaming the floods on local officials in the wake of mounting charges of corruption and diversion of funds from flood control projects. According to Western press reports, funds appropriated for the construction of dikes along the Yangze River (Chang Jiang) have been diverted to fund the Three Gorges Dam, and victims of the floods have complained that local officials have been pocketing relief funds.

- During a visit to the flood area, Premier Zhu complained that the dikes that had been breached were "a construction of bean curd and turtle eggs" and exclaimed "how can corruption reach such a stage?"
- Beijing publicly warned officials not to misappropriate funds and dismissed a Daqing city official for failing to respond to the flooding quickly enough.

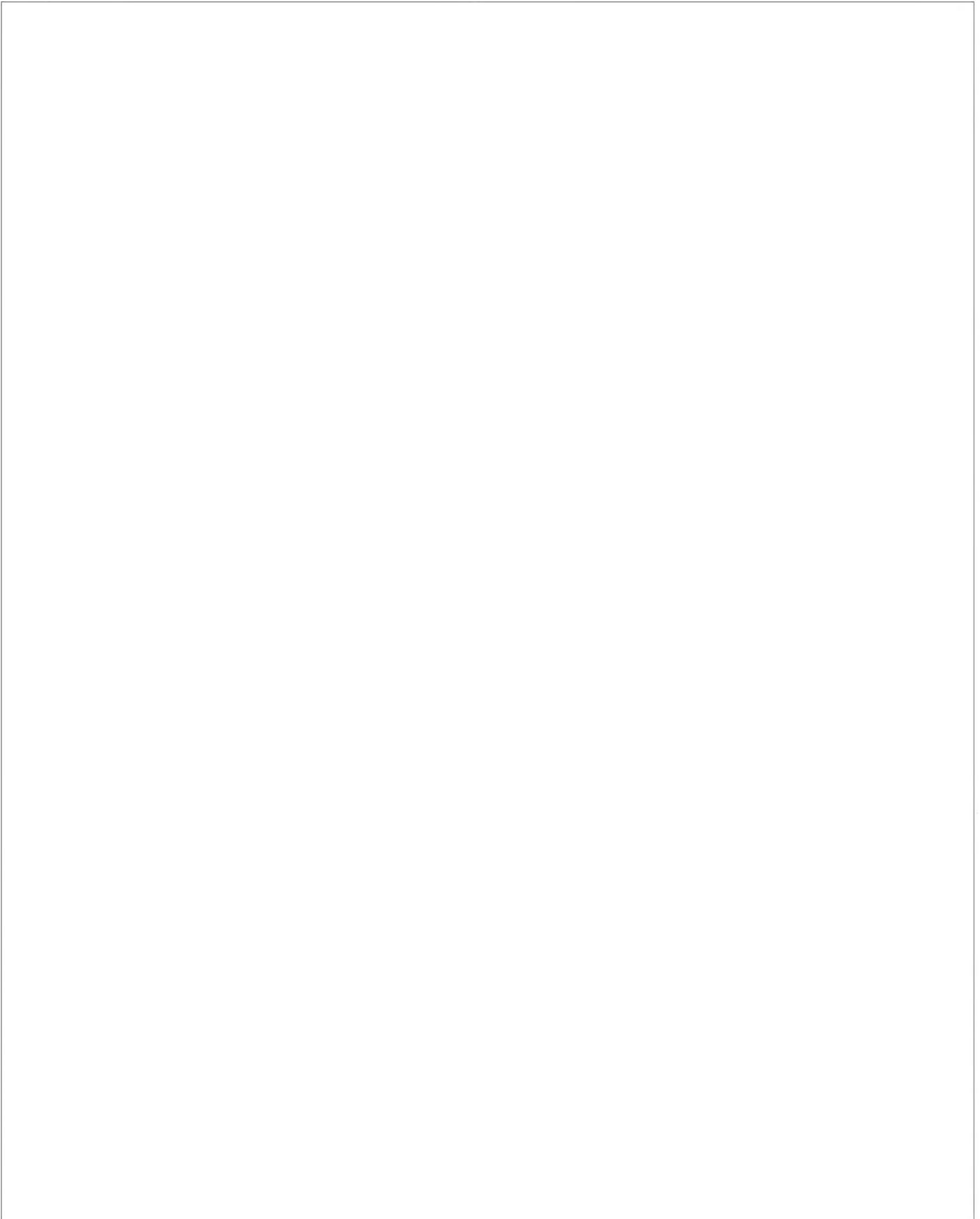
In early August Beijing imposed a news blackout on negative flood stories, preferring instead to focus on the heroic efforts of soldiers shoring up dikes. Statistics on the number of deaths have not been updated in two weeks.

Beijing has blamed the floods for reducing GDP growth by 0.4 percentage point in the first half of the year. An official press report in late August, however, says the floods have shaved 0.5 percentage point off GDP, presumably reflecting part of the third quarter and suggesting the ongoing flooding will continue to undercut growth.

- Officials also blamed floods for contributing to a slowdown in industrial production growth from 8 percent over the previous year in May to 7.6 percent in July.

In the northeastern province of Heilongjiang, floods are threatening the provincial capital and industrial city of Harbin as well as China's largest and most prized oilfield at Daqing. According to Western press reports, two dikes have been breached, closing 1,809 wells.

- China's two top military leaders personally have directed 20,000 troops to shore up the dikes to hold back flood waters around Daqing, according to official press reports.



Environment Not Prime Concern for New Japanese Government

Under Prime Minister Obuchi, joint implementation and emissions trading schemes will continue to be the key to meeting Japan's Kyoto target. He is a prominent member of an LDP group—initiated by his mentor, former Prime Minister Takeshita—that promotes investment opportunities for Japanese business in such overseas environmental projects.

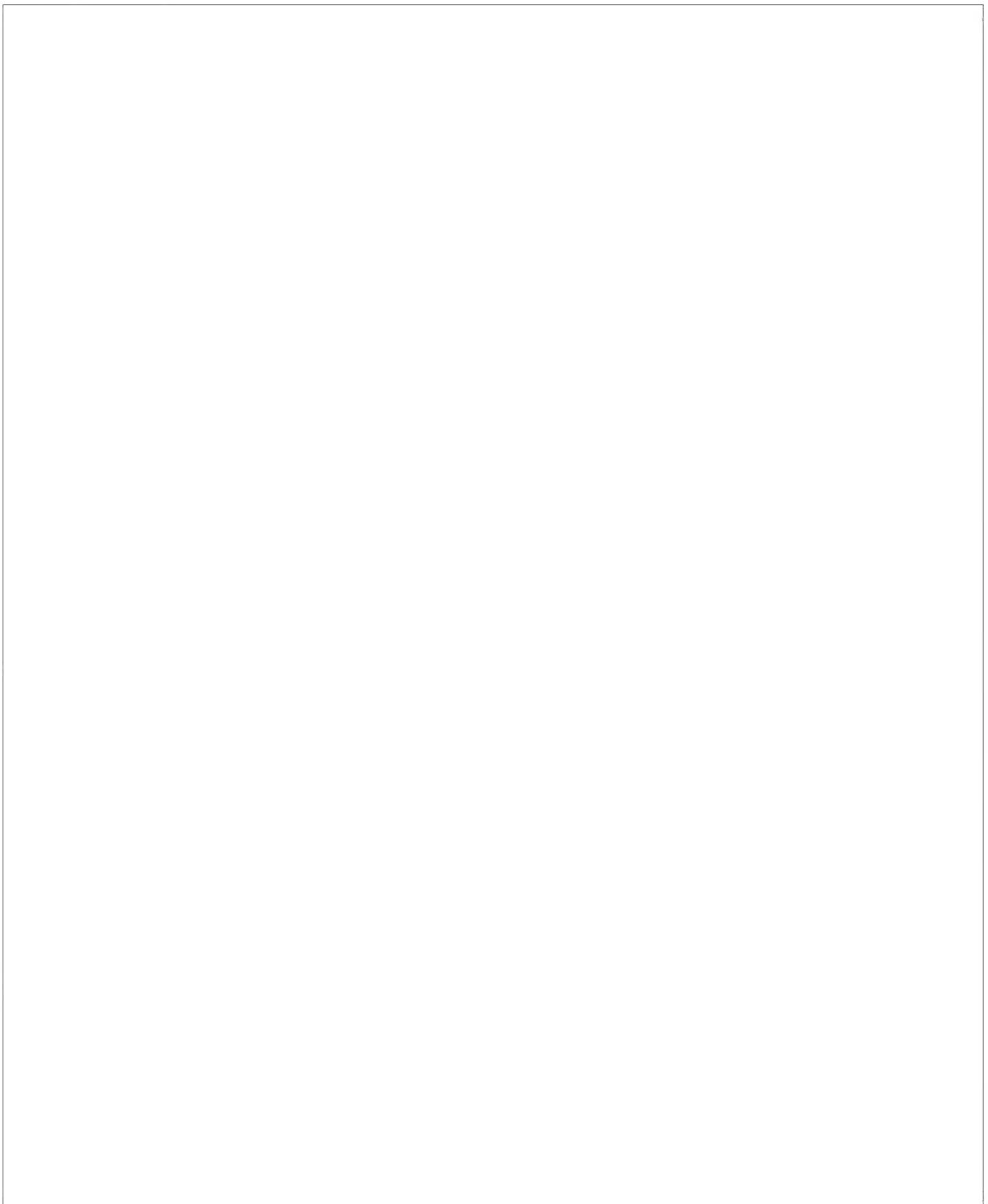
- Joint implementation projects and emissions trading schemes with Russia will reinforce Obuchi's efforts to improve relations with Moscow—one of his top diplomatic priorities—and a policy shift in Tokyo last year led to the resumption of tied green aid for developing countries.

In general, however, Kyoto-related issues will have a far lower political priority for Obuchi than they had for Hashimoto. Obuchi has made it clear that dealing with Japan's banking and fiscal problems will be his top priority.

- While Tokyo will want to show that it is a player in Buenos Aires, it will not have the same high-profile stake in the meeting's success as it did when it hosted the Kyoto conference.

New Environment Minister Manabe lacks the political clout to compensate for diminished prime-ministerial involvement. Trade and Industry Minister Yosano—the other major Cabinet player on environmental issues—has policy expertise in environmental issues but, as a member of the Diet's commerce and industry lobby, may be inclined to side with the business community, which has sought to limit or water down domestic environmental regulations.

Kyoto issues will continue to be worked at the bureaucratic level, where Trade Ministry and Environment Agency officials are making incremental progress toward meeting Tokyo's emissions reduction target in the face of opposition to domestic measures.



Tajikistan's Lake Sarez Dam Breach Not Immediate Threat

A total collapse of the rockslide dam holding back the lake in the mountains of eastern Tajikistan—with potentially disastrous consequences downstream—would require an earthquake of magnitude 6.0 within 70 km and no more than 30 km deep.

Such an event is highly unlikely despite the occurrence of 22 earthquakes of magnitude 5.0 or greater within 250 km of the dam during the past 24 years.

The lake, formed by an earthquake-induced rockslide in 1911, is some 61 km long and averages 1.4 km wide and 185 meters deep. It is more than 3,000 meters above sea level.

Worst Case Scenario

Tajikistan and Russian scientists and their Soviet predecessors have long worried that an earthquake-weakened dam might unleash a wall of water, wiping out downstream towns along the Tajikistan-Afghanistan border and threatening important Turkmen and Uzbekistani gas and oil fields.

a breach could destroy nearby villages inhabited by some 1,500 Tajikistanis within hours.

- The region of southwestern Tajikistan and northwestern Afghanistan further downstream—CIA estimates put the population at 1-2 million—would be at risk, flooding in about two days.

- Eastern Turkmenistan and Uzbekistan would experience relatively minor and localized flooding, with more than four days' warning.

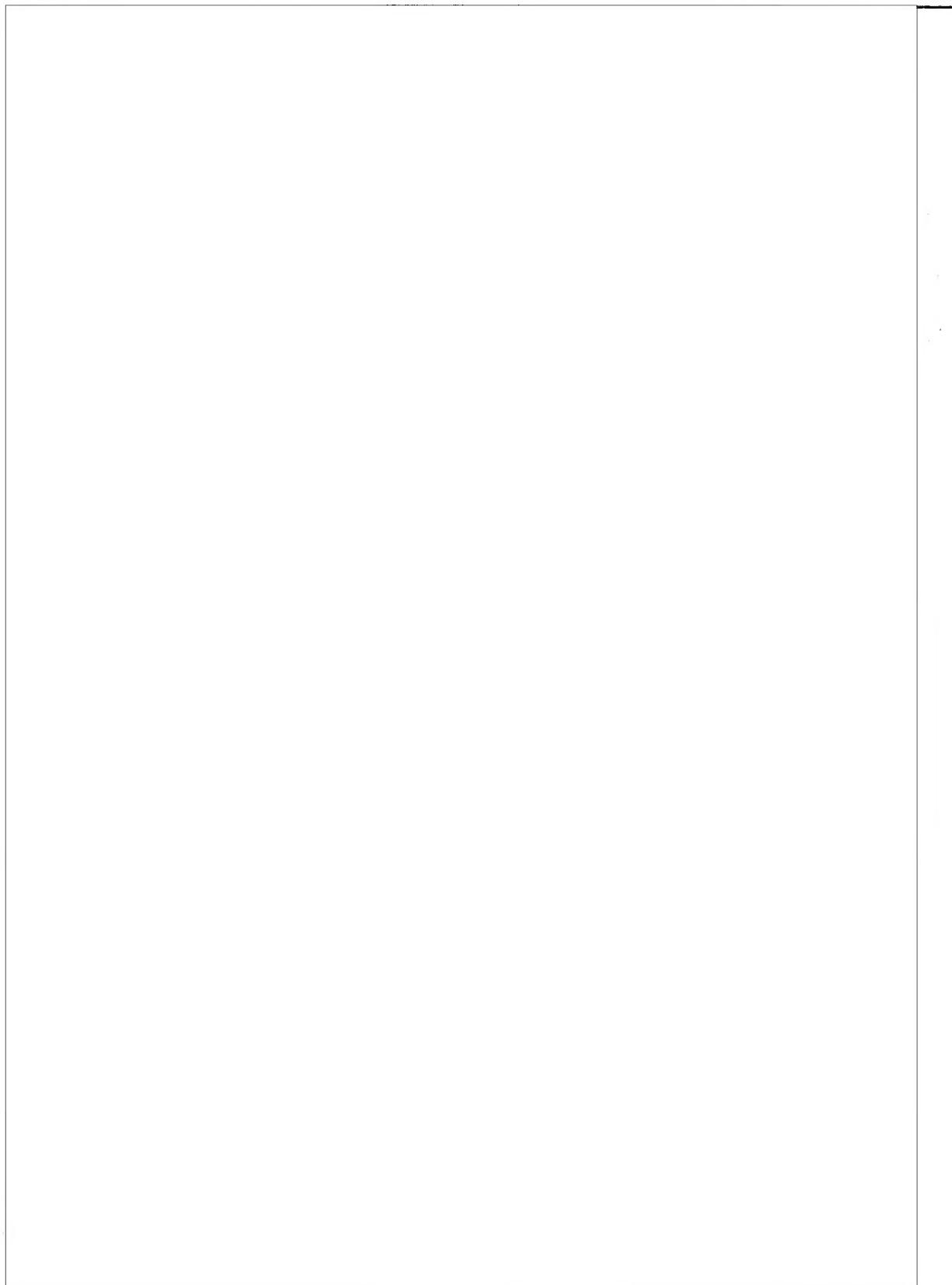
Eliminating Risk Difficult and Expensive

Soviet officials in the 1970s rejected five plans to prevent collapse of the dam and use the lake's resources for irrigation and hydropower because each would have cost more than a billion rubles, according to press reports. Dushanbe has even fewer resources and has been unable to maintain the radio system set up in 1980 to notify officials of any movement of the dam.

- In search of foreign aid, Tajikistan at the Central Asian summit last year proposed a massive project to divert the lake's water to the parched Aral Sea region, according to press reports.
- In July, UN Under Secretary Sergio De Mello visited Tajikistan to assess disaster-related projects.



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Brazil Takes Belated Action on Atlantic Rain Forest

The Brazilian Government's Institute for Environmental Affairs (IBAMA) —teaming up with the military police for the first time—has launched "Operation Atlantica," an effort to assess the extent of damage in Mata Atlantica, a coastal rain forest internationally recognized as the second-most endangered ecosystem in the world (after that of Madagascar).

- Mata Atlantica has been deforested more than twice as fast as the Amazon—the tropical rain forest now covers only 10,000 square km of the coastline, down from 850,000 square km when the area was first settled.

"Operation Atlantica" is the first initiative in the coastal rain forest under Brazil's new environmental law, which established fines and jail sentences for crimes against the environment. Heretofore, Brasilia has largely ignored deforestation along the Atlantic coast in favor of higher-profile activities in the Amazon.

The central government in the early 1990s promulgated laws and created national parks to help conserve the ecosystem, but a lack of political will, resource constraints, and a weak environmental protection institution have hampered effective enforcement. Despite bans on large-scale development within Mata Atlantica, state officials say deforestation has continued because of ineffective policing of the area.

- Both leading gubernatorial candidates in Sao Paulo state are campaigning on ill-defined prodevelopment platforms and have no demonstrated commitment to environmental issues.

The international community and local NGOs have tried to fill the void in the face of weak state and federal government efforts. SOS Atlantic Rain Forest, for example, capitalizes on its technical expertise and financial resources to foster more effective conservation efforts.

Between 5 and 8 percent of US bilateral aid programs in Brazil are devoted to preservation of Mata Atlantica. In 1994, the World Bank donated \$20.3 million to Brazil for tropical forest protection, \$19.9 of which was earmarked for Mata Atlantica,

Brazil's Other Dwindling Rain Forest

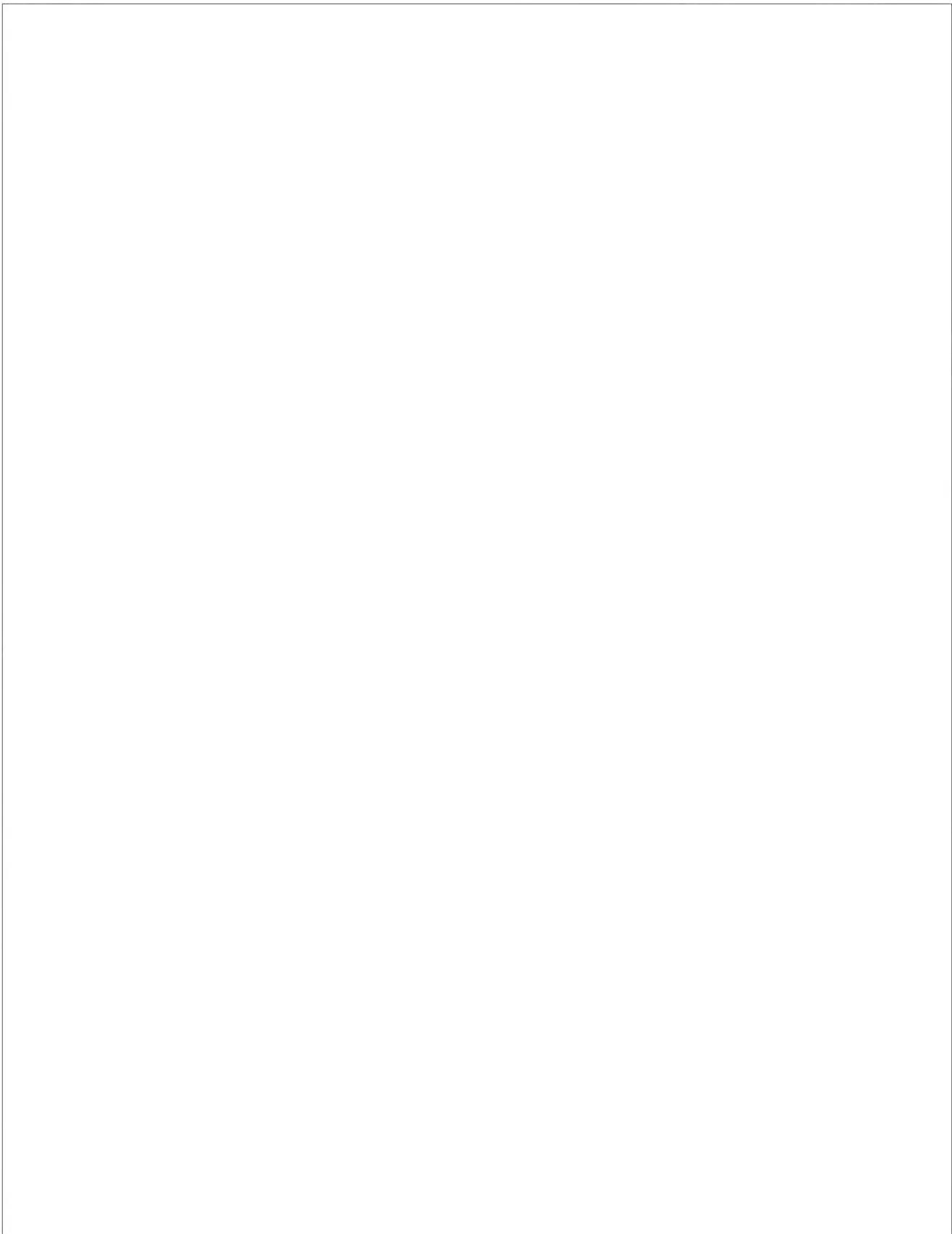


Upon Brazil's discovery in 1500, the state of São Paulo was covered by more than 80 percent tropical forest. By 1920, more than half of the Mata Atlantica had been destroyed.



Ecologists expect the Mata Atlantica to be near extinction in 2000, reduced to nearly 3 percent of the original size.

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Cuba Looking for Drought Relief

Lack of rain this spring is hurting agriculture, already reeling from the worst sugar harvest in 50 years, especially in the five eastern provinces. The UN's World Food Program estimates food crops are \$60 million below production goals.

— The drought has seriously degraded potable water supplies island wide, and officials apparently have been collecting small containers to supply townspeople cut off from fresh water supplies.

Havana has requested emergency aid from the UN

Havana will try to avoid sharp cuts in food supplies, boosting imports if necessary but looking for international aid. The country has little ability to borrow, and financing such imports without special credits would require cutting purchases in other sectors

— [redacted]
eventual drought damage could be much greater because of planting delays affecting future sugar and rice harvests.

[redacted]
[redacted] rainfall from April through June was only 6 percent of normal. Rainfall last month, however, was only 30 percent below normal. Havana announced that reservoirs were as low as 26 percent of capacity in some provinces.

Staking Out Positions on Biosafety

US negotiators faced resistance to limiting the scope of the proposed biosafety protocol to the UN Convention on Biological Diversity (CBD) at the penultimate round of talks in Montreal in late August. The Protocol, to be completed no later than next February, will regulate the cross-border movement, handling, and use of genetically or living modified organisms—GMOs and LMOs.

- Tens of billions of dollars in US exports, mostly agricultural, may be affected.

As this issue was going to press, preliminary reports [redacted] indicated the US delegation had succeeded in keeping most controversial areas of the draft protocol text in brackets, forcing postponement of key decisions until the final round early next year.

International support for a binding regulatory framework for biotechnology products is strong among most of the more than 160 parties to the CBD, who contend that GMOs and LMOs may have unforeseen environmental and food safety risks. Many EU members have strict health-based restrictions on GMOs and want a Biosafety Protocol to guarantee that the release of transgenic plants, seeds, or animals in their countries will not upset natural ecosystems or contaminate food.

- [redacted] these governments are reacting to opposition to GMOs by consumer and environmental groups. In Ireland, the UK, and Germany anti-GMO activists have destroyed test fields of gene-altered corn, soybean, and sugar beets.

— GMO opponents say that undesired traits such as allergens or toxins may be transferred unintentionally to new plants or that newly modified strains can cross-pollinate with native species.

A strict protocol would limit the ability of US and multinational firms to conduct research in countries with biodiverse ecosystems.

Developing countries such as Brazil, India, Chile, Costa Rica, and Thailand want the Protocol to guarantee them control over their genetic resources to prevent “biopiracy” and “bioprospecting” by foreign firms.

- These countries have or are preparing strict domestic biodiversity laws,

— Most developing countries, moreover, insist that indigenous knowledge of medicinal and other uses of biodiversity be protected under the Protocol.

Few countries are showing flexibility on the issue of Advanced Informed Agreement (AIA) procedures that would require notification and consent from countries importing GMOs and LMOs. Many EU states want AIA procedures applied to each shipment of GMOs, including commingled agricultural products

- Australia may approve voluntary AIA guidelines but has stringent phytosanitary laws and wants the ability to restrict all GMO imports, especially materials that can reproduce.

Selected International Environment-Related Meetings

22 May-30 September	1998 Lisbon World Exposition (EXPO '98) Theme: The Oceans, a Heritage for the Future	Lisbon
17-28 August	Fifth Negotiating Session on the Biosafety Protocol	Montreal
24 August-4 September	Intergovernmental Forum on Forests	Geneva
24 August-4 September	Second Conference of Parties to the Convention to Combat Desertification	Dakar
30 August-2 September	Fourth International Conference on Greenhouse Gas Control Technologies	Interlaken
1-3 September	APEC Officials Meeting on Environment	Singapore
1- 9 September	APEC Senior Officials Meeting	Kuala Lumpur
21 September-1 October	FAO Panel of Experts Meeting on Pesticides and Residues	Rome
28 September-5 October	Intergovernmental Panel on Climate Change Plenary	Vienna
26-28 October	OECD Conference on Eco-Labeling	Berlin
26-30 October	FAO Meeting on Sustainable Fisheries	Rome
2-13 November	Fourth Conference of Parties to the Climate Change Convention	Buenos Aires
4-6 November	Global Environment Facility Council Meeting	Washington
12-18 November	APEC Ministerial and Heads of State Meeting	Kuala Lumpur
17-24 November	Tenth Conference of Parties to the Montreal Protocol	Cairo

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